

**REAL ESTATE PORTFOLIO AND COMPLIANCE SECTION STATUS REPORT**  
**December 10, 2020**

**I. Former Hawaii Rental Housing System Revenue Bond**

Award of Request for Proposals (RFP) No. 17-010-PPMS Affordable Rental Housing Portfolio Restructuring and Preservation was made to joint offerors Standard Property Company, Inc. and Stanford Carr Development, LLC (collectively the Buyer) on December 14, 2017. At its December 13, 2018 regular meeting, the HHFDC Board of Directors (the Board) approved various modifications to the RFP award, including a leasehold purchase price reduction to \$130 million and a capital improvement plan budget increase to \$85.1 million.

On May 17, 2019, HHFDC and the Buyer closed on the leasehold sale of the portfolio properties excluding Kamake`e Vista to affiliates of Komohale LP, the entity formed by the Buyer to acquire the portfolio. The sales price for the five properties was \$100.5 million, and a portion of the sales proceeds was used to repay the outstanding tax-exempt bond debt. The Kamake`e Vista closing was delayed due to ongoing discussions with Atherton Family Foundation (Atherton) regarding: (1) requested modifications to the Residential and Commercial Apartment ground leases, primarily due to Komohale's senior lender's requirements; and (2) the possible purchase by HHFDC of Atherton's leased-fee interest in Kamake`e Vista.

HHFDC acquired the leased-fee interest in Kamake`e Vista from Atherton on December 12, 2019, and staff subsequently held discussions with Komohale regarding a possible 75-year leasehold sale (vs. the approximately 37 years remaining term of the former Atherton ground leases to be conveyed per the Purchase and Sale Agreement).

At its July 9, 2020 regular meeting, the Board approved various additional modifications to the RFP award, including a bifurcation of the Kamake`e Vista Residential and Commercial Apartments into separately financed acquisitions to close on each concurrently. The Kamake`e Vista sales price was increased from \$29.5 million to \$35 million, with \$29.5 million allocated to the Residential Apartment and \$5.5 million allocated to the Commercial Apartment. The Board also approved a new, \$4.25 million Dwelling Unit Revolving Fund (DURF) permanent loan to facilitate Komohale's acquisition of the Commercial Apartment.

The leasehold sale of Kamake`e Vista closed on November 5, 2020. Net sales proceeds of \$19.2 million were deposited into DURF.

**A. Honokowai Kauhale**

1. The property was sold in leasehold on May 17, 2019.

**B. Kamake`e Vista**

1. The property was sold in leasehold on November 5, 2020.

**C. Kauhale Kaka`ako**

1. The property was sold in leasehold on May 17, 2019.

**D. Kekuilani Courts**

1. The property was sold in leasehold on May 17, 2019.

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**E. La`ilani Apartments**

1. Collections Summary

Performance Trend	11/20	10/20
Commercial		
Expected Revenue:	\$ 3,000	\$ 3,000
Uncollected Revenue:	\$ -	\$ -
A/R Rate:	0.00%	0.00%

2. The property (except the Hawaii Montessori School) was sold in leasehold on May 17, 2019.
3. On April 25, 2018, HHFDC transmitted a proposal to Hawaii Montessori School regarding a possible leasehold sale of the property to the school, which is on a month-to-month tenancy and has a significant historical rent arrearage. On November 19, 2020, staff held a conference call with the school's new executive director to discuss possible resolution of the rent arrearage and a new lease.

**F. Pohulani Elderly**

1. The property (excepting 620 Coral Street) was sold in leasehold on May 17, 2019.
2. 620 Coral Street was sold in leasehold on November 5, 2020 as part of the resolution of the Kamakee Vista transaction. Komohale is obligated to complete the open-space improvements project required by the Hawaii Community Development Authority planned development permit by May 2023.

**II. Dwelling Unit Revolving Fund (DURF)**

**A. Kulia I Ka Nu`u**

1. Project Unit Status

Performance Trend	As of 11/20	As of 10/20	As of 11/19
Total Units:	72	72	72
Rentable Units:	70	70	71
Vacant Units:	3	5	1
Vacancy Rate:	4.29%	7.14%	1.41%

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2. Collections Summary

Performance Trend	11/20	10/20
Residential		
Expected Revenue:	\$ 79,803	\$ 72,139
Uncollected Revenue:	\$ 27,253	\$ 29,656
A/R Rate:	34.15%	41.11%
Commercial		
Expected Revenue:	\$ 2,849	\$ 2,849
Uncollected Revenue:	\$ -	\$ -
A/R Rate:	0.00%	0.00%

4. The unexecuted ground lease to Alternative Structures International (dba Kahumana) for the Kulia I Ka Nu'u Resource Center property will be amended to address: (1) the inclusion of existing furniture and equipment in the Resource Center; and (2) the proration/submetering of utilities (e.g., gas, electricity, and water).
5. On November 27, 2020, HHFDC extended the existing property management and maintenance services contract to May 30, 2021. In early 2021, staff intends to publish a Request for Proposals to acquire the leasehold interest in the residential component of the project.

**B. Waipahu Community Adult Day Health Center and Youth Day Care Center**

1. HHFDC terminated the ground lease with Waipahu Community Adult Day Health Center and Youth Day Care Center (Waipahu Community) effective October 31, 2018 due to uncured lease defaults.
2. On November 20, 2018, the Department of the Attorney General transmitted a letter to Waipahu Community demanding that it vacate the premises. A Complaint for Ejectment was filed on June 12, 2019. Waipahu Community did not provide a response by the October 14, 2019 deadline. A hearing on the motion to compel a response was held on February 27, 2020 and Waipahu Community was given a deadline of March 20, 2020 to file an answer to HHFDC's Complaint. The Deputy Attorney General assigned to the matter will work with staff to draft and file a Motion for Summary Judgment.

**C. 690 Pohukaina Street**

1. Pursuant to Executive Order 4533 dated May 19, 2017, the property was set aside to HHFDC for educational and affordable housing purposes. At its January 10, 2020 regular meeting, the Board of Land and Natural Resources consented to HHFDC's renewal of revocable permits with three permittees that were using the property at the time of the set-aside. HHFDC has entered into revocable permits with Hawaiian Dredging Construction Company and One Love Ministries. The Fisher Hawaii permit has not yet been executed due to negotiations regarding the tenant's COVID-19 related rent-relief request. Revenues from all permits are transferred from HHFDC to the Department of Land and Natural Resources.

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**III. USDA Rural Development**

**A. Nani O Puna**

1. Project Unit Status

Performance Trend	As of 11/20	As of 10/20	As of 11/19
Total Units:	32	32	32
Rentable Units:	31	31	31
Vacant Units:	0	2	0
Vacancy Rate:	0.00%	6.45%	0.00%

2. Collections Summary

Performance Trend	11/20	10/20
Residential		
Expected Revenue:	\$ 31,997	\$ 25,442
Uncollected Revenue:	\$ 1,664	\$ 1,098
A/R Rate:	5.20%	4.32%

3. At its August 13, 2020 regular meeting, the Board approved various modifications to the Award of Request for Proposals No. 12-003-DEV Partnering to Preserve Affordable Housing: Kekuilani Gardens and Nani O Puna. The RFP award was made in 2013, and the sale of Kekuilani Gardens closed in 2016. The Nani O Puna closing had been delayed due to lava-flow threats and financing challenges, and the buyer recently submitted its loan transfer approval application to USDA-RD. Closing is expected to take place in early 2021.

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